



U.S. ARMY COMMUNITY AND FAMILY SUPPORT CENTER

Army Central Insurance Fund

ATTN: CFSC-FM-I

Alexandria, VA 22302-4406

(703) 681-7314 DSN 761-7314

Risk Management Bulletin/03-01, March 2003

FY2004 INSURANCE RATES APPROVED

The Commander, Community and Family Support Center (CFSC), has approved the Risk Management Program (RIMP) insurance rates for FY2004. Each year RIMP reviews the rates for each line of insurance and based on the loss experience in each category, rates are adjusted for the coming fiscal year. Rates are established to generate sufficient premium to pay projected losses.

All FY2004 RIMP rates, except cargo, parachute activities, unemployment compensation and CONUS workers' compensation will be reduced or remain unchanged. The most significant reductions will be in general and vehicle tort and family child care.

The increased rate for the cargo shipment program is the result of the trend toward higher claim payments. The rate increase for parachute activities is based on the increased cost of commercial insurance that covers this exposure. The cost of claims for unemployment compensation for former NAF employees increased by twenty-nine percent from FY2001 to FY2002. This upward trend will require an increase in the rate. Finally, the increase in the rate for CONUS workers' compensation is based on the actuarial recommendation to cover the cost of claims for FY2004, plus adjustments to prior year reserves. The increased cost of medical services and prescription drugs is a significant factor causing the increase.

Insurance rates for FY2004 are on a separate page of this bulletin.

Do You Need Business Interruption Insurance?

The purpose of business interruption coverage is to protect the insured against a loss of income if it suffers a loss that causes it to suspend operations. Business interruption insurance covers loss of revenue due to direct physical damage to a building or its contents caused by a covered peril that makes it partially or totally unusable. Property insurance pays to repair or replace damaged assets your business owns, but it does not protect the insured against consequential damages. Business interruption coverage fills that gap.

After a major disaster, such as a flood, tornado, or fire, it can take more time than many people anticipate to get the business back on track. Business interruption covers normal operating expenses like electricity or payroll that continue even though business activities have come to a temporary halt. Also covered are necessary extra expenses incurred by the insured to avoid or minimize the suspension of business and to continue operations. Please contact the RIMP office for more information on business interruption insurance and any other insurance needs you have.

Proactive Approach to Loss Prevention

Managers and supervisors at every level in MWR and lodging activities have the additional responsibility of mitigating the chance of loss to their NAF property. The responsibility to protect the fund's assets from potential loss requires a proactive approach to provide the preventive measures to minimize losses. The one significant area where this can be done is enforcing internal controls and physical security. The activity manager or supervisor must identify the exposure to loss that can cause injury or the loss of property. Always be looking for weaknesses in internal controls that can increase the opportunity for embezzlement or theft. Review your management controls and physical security to assure that the proper safeguards are in place. Not all losses can be prevented but sound management practices and effective internal controls are the keys to preventing the loss of NAF assets.

Special Events Coverage

Warm weather brings many outdoor MWR special events such as golf tournaments, concerts, carnivals and fests. RIMP is able to assist NAFIs with several coverages for special events.

Nonperformance and Event Cancellation insurance provides coverage for the cost of contracted expenses if a scheduled performer cancels due to sickness or accident or if the event has to be cancelled due to adverse weather.

Weather insurance protects events such as carnivals, picnics, fairs and festivals from financial loss due to inclement weather.

Prize insurance is available for hole-in-one events at golf tournaments or for bowling or bingo games. NAFIs can offer prizes for a variety of events and prize insurance will pay the lucky winner. Please contact the RIMP office for more information on the cost and conditions at DSN 761-7314.

  Financial Management and RIMP are on the Web! For updated documents, forms and information go to www.armymwr.com/corporate/operations/financial/ 

FY2004 INSURANCE RATES

		<u>RATES</u>
Buildings	Per \$100 value	\$ 0.23
Contents	Per \$100 value	0.31
Vehicles	Per \$100 value	0.40
Aircraft	Per \$100 value	6.00
Fidelity Bond	Per employee	
	Class I	5.00
	Class II	2.90
Money & Securities	Per employee	2.25
General Tort	Per employee	8.00
Vehicle Tort	Per vehicle	125.00
Family Child Care	Per provider	50.00
Aircraft Tort	2 seats	3548.00
	4 seats	5592.00
Parachute Activities		750.00
Cargo	Per \$100 value	0.75
Unemployment Compensation	Percent of payroll	0.60
Workers' Compensation	Per \$100 payroll	
	U.S., Puerto Rico	2.55
	Overseas	0.60
	Korean Nationals	0.65

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